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FISCAL IMPACT STATEMENT

LS 6967

BILL NUMBER: HB 1218

NOTE PREPARED: Feb 25, 2005

BILL AMENDED: Feb 24, 2005

SUBJECT: Local Government Matters.

FIRST AUTHOR: Rep. Ayres

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) *Clerk-Treasurer:* This bill allows a third class city that adopts second class city status to elect a city clerk-treasurer instead of electing a city clerk and appointing a city controller.

Northwestern Indiana Regional Planning Commission: It allows the Commission to pay a claim or purchase order without obtaining a vendor's signature. A claim for reimbursement of mileage, meal, and lodging expenses to attend a State Board of Accounts conference may not be denied if the claim meets statutory requirements.

Local Fiscal Officer Mileage Reimbursement: The bill allows a municipality to adopt an ordinance providing for meal expense advances for a municipal employee who will be traveling on official municipal business.

Ten-Year Loan Term: It increases the maximum term of a loan that a city or town may enter into from five to ten years.

Elected County Officer Compensation: It provides that in the year in which a newly elected county officer takes office, the county fiscal body may change the compensation for holding the county office if (1) the county officer requests the compensation change or, in the case of the county executive body, a majority of the county executive body requests the change; and (2) the county fiscal body approves it.

Airport Development Zones: The bill provides that for purposes of airport development zones, the "base assessed value (AV)" is determined as of the assessment date immediately preceding the effective date of the initial resolution designating an airport development zone, regardless of the date of the hearing at which the

initial resolution is finally approved. It allows the airport authority board to determine the portion of tax proceeds that will be allocated to a debt service fund and dedicated to the payment of principal and interest on bonds of the airport authority. It provides that tax proceeds remaining after the allocation to the debt service fund shall be deposited in a project fund and dedicated to the reimbursement of expenditures made for a qualified airport development project.

Emergency Warning Sirens: This bill provides that emergency warning sirens may be funded under the county and municipal Barrett Law provisions.

Township Board Salaries: It provides that members of a township board may by unanimous vote reduce their salaries by any amount.

Speed Limit Investigations: The bill also sets circumstances when an engineering and traffic investigation is required to be performed for a speed limit change.

Effective Date: January 1, 2005; July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Clerk-Treasurer: This provision of the bill allows a third class city that wishes to adopt second class status to choose to elect a clerk-treasurer instead of having both an elected city clerk and appointed city controller. Combining the two positions may reduce salary and benefit expenditures depending on the resulting amounts paid after the consolidation.

Northwestern Indiana Regional Planning Commission: Requiring the Northwestern Indiana Regional Planning Commission to follow the same general claim payment policies as the state could affect local expenditures if following state policies would have an impact on the timing of the payment which could have an impact on the expense. The impact is indeterminable and will depend on existing local policies.

Local Fiscal Officer Mileage Reimbursement: This provision of the bill is intended to clarify that mileage shall be reimbursed for attending conferences. The fiscal impact is dependent on how many local units have interpreted the reimbursement to be optional, how often reimbursements are required to be paid, and the amount of such reimbursements.

Ten-Year Loan Term: Increasing the maximum loan term for cities and towns will allow for more flexibility, however, interest expenses will also increase. The fiscal impact of this provision is dependent on local action.

Elected County Officer Compensation: The bill allows the compensation of a newly elected county officer to be changed if it is requested by the officer and then approved by the county fiscal body. The fiscal impact of this provision is dependent on if the change is an increase or decrease in compensation.

Emergency Warning Sirens: The bill adds emergency warning siren to the list of improvements for which a county or municipality may make expenditures with its Barrett Law funds. The bill does not require any additional expenses.

Township Board Salaries: A township could experience cost savings if the members of a township's legislative body vote to reduce their salaries. The fiscal impact of this provision is dependent on local action.

Speed Limit Investigations: The bill also sets circumstances when an engineering and traffic investigation is required to be performed for a speed limit change. The fiscal impact of this provision is dependent on if the circumstances in a particular locality lead to additional or fewer investigations being performed.

Also, see **Explanation of Local Revenues** below.

Explanation of Local Revenues: *Airport Development Zones:* The airport development zone is a property tax allocation area. Currently, these are authorized in Marion, Vigo, Vanderburgh, and Allen counties, and in Gary. The bill provides that the base AV computation for purposes of an airport development zone includes the net AV of tangible property for the assessment period immediately preceding the date the airport authority adopts its preliminary resolution designating the airport development zone, regardless of the date that the final resolution establishing the airport development zone is adopted by the airport authority. If an airport authority adopted a preliminary resolution, but either never adopted a final resolution or adopted one several assessment periods later so the AV value had changed, the base AV would relate to the adoption date of the preliminary resolution regardless of the second resolution.

Under existing law, except in Vanderburgh County, the incremental property taxes captured in the airport development zone are to be used for airport development projects in the zone. These taxes, upon determination of the airport authority, may be used for employee training for the project, with the remainder allocated to debt service. Any taxes exceeding the amount required for bond principal and interest payments; lease rental or lease payments, or reserve requirements are to be paid to local tax units. The bill provides for a third distribution before payment of excess incremental property taxes to local units. This distribution would be to a project fund and dedicated to the reimbursement of expenditures made by the airport authority for an airport development project that is in the airport development zone or is serving the airport development zone.

State Agencies Affected:

Local Agencies Affected: Counties, cities, towns, airport authorities, and the Northwest Indiana Regional Planning Commission.

Information Sources:

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